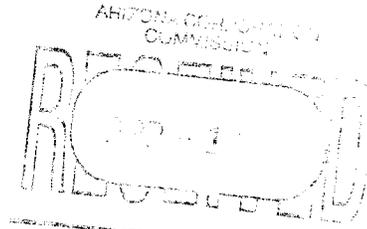


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

G-01032B  
CITIZENS COMMUNICATIONS COMPANY-ARIZONA GAS DIVISIONS  
1250 POYDRAS STREET, SUITE 2300  
NEW ORLEANS, LA 70113



**ANNUAL REPORT**

*270-111  
4-2-03  
C.  
2002 statement  
with updates  
1/1/03*

**FOR YEAR ENDING**

12	31	2002
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FOR COMMISSION USE

ANN 02/02

## COMPANY INFORMATION

<b>Company Name (Business Name)</b>	<u>Citizens Communications Company - Arizona Gas Divisions</u> <u>(Northern Arizona Gas Division &amp; Santa Cruz Gas Division)</u>		
<b>Mailing Address</b>	<u>1250 Poydras Street, Suite 2300</u> <small>(Street)</small>		
<b>New Orleans</b>	<u>LA</u>	<u>70113</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<b>(504) 299-4503</b>	<b>(504) 544-5817</b>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>	<u>NSanabri@czn.com</u>		
<b>Local Office Mailing Address</b>	<u>2901 West Shamrell Blvd., Suite 110</u> <small>(Street)</small>		
<b>Flagstaff</b>	<u>AZ</u>	<u>86001</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<b>(928) 226-2233</b>	<b>(928) 226-2203</b>		<b>(928) 853-4922</b>
<small>Local Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>	<u>gasmith@czn.com</u>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b>	<u>Nolie Sanabria-Rountree</u> <small>(Name)</small>		<u>Director</u> <small>(Title)</small>
<b>1250 Poydras Street, Suite 2300</b>	<b>New Orleans</b>	<b>LA</b>	<b>70113</b>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>(504) 299-4503</b>	<b>(504) 544-5817</b>		
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>	<u>NSanabri@czn.com</u>		
<b>On Site Manager:</b>	<b>Gary A. Smith</b>	<b>V.P. &amp; General Manager</b>	
	<small>(Name)</small>	<small>(Title)</small>	
<b>2901 West Shamrell Blvd., Suite 110</b>	<b>Flagstaff</b>	<b>AZ</b>	<b>86001</b>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<b>(928) 226-2233</b>	<b>(928) 226-2203</b>		<b>(928) 853-4922</b>
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
<b>Email Address</b>	<u>gasmith@czn.com</u>		

**STATUTORY AGENT:**

C T Corporation System

(NAME)

3225 N Central Ave.

(Street)

Phoenix

(City)

AZ

(State)

85012

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**ATTORNEY:**

L. Russell Mitten, SVP, Gen Counsel & Asst Sec.

(NAME)

3 High Ridge Park

(Street)

Stamford

(City)

CT

(State)

06905

(Zip)

(203) 614-5047

Telephone No. (Include Area Code)

(203) 614-4651

Fax No. (Include Area Code)

(800) 946-4645

Pager/Cell No. (Include Area Code)

**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

Sole Proprietor (S)

C Corporation (C) (Other than Association/Co-op)

Partnership (P)

Subchapter S Corporation (Z)

Bankruptcy (B)

Association/Co op (A)

Receivership (R)

Limited Liability Company

Other (Describe) a division of Citizens Communications Company

**COUNTIES SERVED**

Check the following box that applies to your company:

APACHE

COCHISE

COCONINO

GILA

GRAHAM

GREENLEE

LA PAZ

MARICOPA

MOHAVE

NAVAJO

PIMA

PINAL

SANTA CRUZ

YAVAPAI

YUMA

STATEWIDE

**SERVICES AUTHORIZED TO PROVIDE**

Check the following box/s for the services that you are authorized to provide:

- |   |  |
|---|--|
| <input type="checkbox"/> Electric                       | <input type="checkbox"/> Telecommunications                    |
| <input type="checkbox"/> Investor Owned Electric        | <input type="checkbox"/> Incumbent Local Exchange Carrier      |
| <input type="checkbox"/> Rural Electric Cooperative     | <input type="checkbox"/> Interexchange Carrier                 |
| <input type="checkbox"/> Electric Service Provider      | <input type="checkbox"/> Competitive Local Exchange Carrier    |
| <input type="checkbox"/> Transmission Service Provider  | <input type="checkbox"/> Reseller                              |
| <input type="checkbox"/> Autility Distribution Company  | <input type="checkbox"/> Alternative Operator Service Provider |
| <input type="checkbox"/> Meter Service Provider         |  |
| <input type="checkbox"/> Meter Reading Service Provider | <input checked="" type="checkbox"/> Gas                        |
| <input type="checkbox"/> Billing and Collection         | <input checked="" type="checkbox"/> Natural Gas                |
| <input type="checkbox"/> Ancillary Services             | <input type="checkbox"/> Propane                               |

Other (Specify) \_\_\_\_\_  
\_\_\_\_\_

**STATISTICAL INFORMATION**

**TELECOMMUNICATION UTILITIES ONLY**

Total residential access lines	NA _____
Total business access lines	NA _____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

**STATISTICAL INFORMATION (CONT'D)**

**ELECTRIC UTILITY PROVIDERS ONLY**

Total number of customers	NA
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____

Total kilowatt-hours sold	_____ kWh
Residential	_____
Commercial	_____
Industrial	_____
Public street and highway lighting	_____
Irrigation	_____
Resale	_____

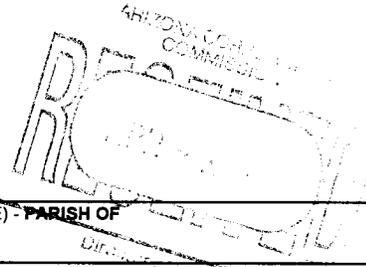
Maximum Peak Load	_____ MW
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**GAS UTILITIES ONLY**

Total number of customers	126,925
Residential	115,530
Commercial	10,402
Industrial	22
Irrigation	8
Resale	_____

Total therms sold	104,867,280 therms
Residential	65,648,600
Commercial	29,392,090
Industrial	3,311,970
Irrigation	158,710
Resale	_____

**VERIFICATION  
AND  
SWORN STATEMENT  
INTRASTATE REVENUES ONLY**



**VERIFICATION**

STATE OF Louisiana

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) - PARISH OF <b>Orleans</b>	
NAME (OWNER OR OFFICIAL) TITLE <b>Dan McCarthy President and Chief Operating Officer</b>	
COMPANY NAME <b>Arizona Gas Division</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$) <u>\$97,081,335</u>
--

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 8,220,169  
IN SALES TAXES BILLED, OR COLLECTED**

\*\* REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL  
**(360) 816-0998**  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

CLARK

DAY OF

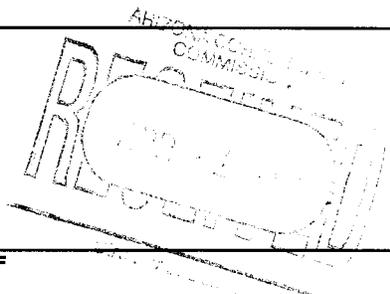
COUNTY NAME	<u>CLARK WA</u>
MONTH	<u>MARCH 2003</u>

(SEAL)

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12/31/04

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**



STATE OF Louisiana

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) - PARISH OF <b>Orleans</b>	
NAME (OWNER OR OFFICIAL) <b>Dan McCarthy</b>	Title <b>President and Chief Operating Officer</b>
COMPANY NAME <b>Arizona Gas Division</b>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

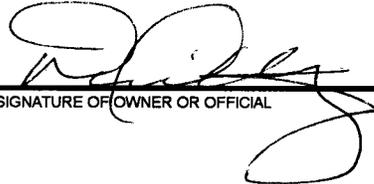
**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues <b>\$56,955,075</b>
--

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$5,268,672  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

x   
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF  
THIS 31<sup>st</sup> DAY OF

NOTARY PUBLIC NAME <b>Vivian M. Hill</b>	
COUNTY NAME <b>Clark, WA</b>	
MONTH <b>MARCH</b>	YEAR <b>2002</b>

(SEAL)

x   
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/20/04

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2002) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Citizens Communications Company  
1250 Poydras Street, Suite 2300  
New Orleans, LA 70113  
504-299-4503



March 3, 2003

ARIZONA CORPORATION COMMISSION  
COMPLIANCE SECTION, UTILITIES DIVISION  
1200 WEST WASHINGTON STREET  
PHOENIX, AZ. 85007

RE: 2002 UTILITY ANNUAL REPORT  
CITIZENS COMMUNICATIONS COMPANY  
ARIZONA GAS DIVISION

Dear Sir or Madam:

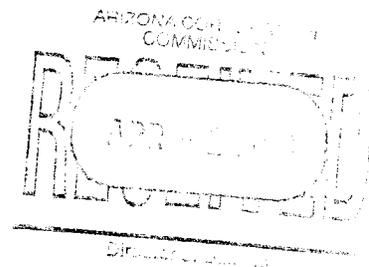
Enclosed please find original Utility Annual Report for the Arizona Gas Division including Santa Cruz Gas and Northern Arizona Gas combined. This Annual Report is for the fiscal year ended December 31, 2002.

If any additional information is needed, please do not hesitate to call me.

Very Truly Yours,

Nolie Sanabria-Rountree  
Director  
Citizens Communications Company

Enclosures



Citizens Communications Company  
1450 Poydras Street, 19<sup>th</sup> Floor  
New Orleans, LA 70112  
504-299-4553



March 31, 2003

ARIZONA CORPORATION COMMISSION  
COMPLIANCE SECTION, UTILITIES DIVISION  
1200 WEST WASHINGTON STREET  
PHOENIX, AZ. 85007

RE: 2002 UTILITY ANNUAL REPORT  
CITIZENS COMMUNICATIONS COMPANY  
ARIZONA GAS DIVISION

Dear Sir,

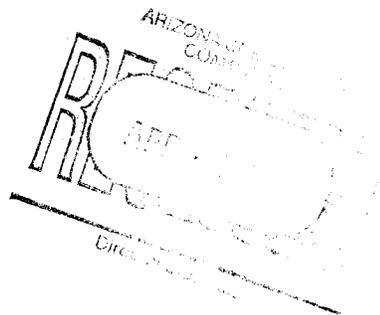
Enclosed please find original Utility Annual Report for the Arizona Gas Division including Santa Cruz Gas and Northern Arizona Gas combined. This Annual Report is for the fiscal year ended December 31, 2002.

If any additional information is needed, please do not hesitate to call me.

Very Truly Yours,

Jayson Ecuyer  
Director  
Citizens Communications Company

Enclosures



Citizens Utilities Company  
 Santa Cruz County Gas to Northern Arizona Gas  
 December 31, 2002

December 31, 2002	November 30, 2002	Var	% Var	Assets	December 31, 200	Var	% Var
264,544,451	261,607,175	2,936,676	1.12%	Plant in Service	253,786,705	10,757,745	4.24%
1,571,484	3,661,717	(2,090,233)	-57.08%	Construction Work in Progress	2,527,569	(756,085)	-32.48%
(60,219,786)	(59,574,305)	(645,481)	1.08%	Accumulated Depreciation	(55,356,498)	(4,863,289)	8.79%
205,896,148	205,695,186	200,962	0.10%	Utility Plant	200,757,776	5,138,372	2.55%
415,608	156,237	259,371	166.01%	Cash	137,005	258,603	164.71%
0	0	0	0.00%	Temporary Investments	0	0	0.00%
0	0	0	0.00%	Notes Receivable	0	0	0.00%
12,592,843	11,528,848	1,563,995	13.68%	Accounts Receivable	15,409,139	(2,416,296)	-15.68%
(51,822)	(55,616)	3,794	-6.82%	Accum Prov for Uncoll account	(696,971)	645,149	-92.56%
736,083	779,504	(43,421)	-5.57%	Materials and Supplies	951,443	(215,360)	-22.64%
66,282	67,871	(1,589)	-2.34%	Prepayments	8,576	57,706	672.88%
48,186	16,209	31,977	197.28%	Misc Curr and Accr Liabilities	138,292	(90,106)	-65.16%
14,207,179	12,393,052	1,814,127	14.64%	Current Assets	15,967,484	(1,760,305)	-11.02%
(186,590,910)	(193,474,085)	6,883,175	-3.56%	Accs Rec - Assoc Companies	(216,350,213)	29,759,303	-13.76%
11,088,691	9,945,303	1,143,389	11.50%	Misc Deferred Debits	39,824,962	(28,736,271)	-72.16%
468,419	469,459	(1,040)	-0.22%	Extraordinary Property Losses	480,899	(12,480)	-2.60%
0	0	0	0.00%	Unrecovered Purchased Gas Co	0	0	0.00%
4,059,520	355,869	3,723,651	1108.66%	Accum. Def Income Taxes	335,869	3,723,651	1108.66%
(170,974,280)	(182,723,455)	11,749,175	-6.43%	Deferred Dr & Other Assets	(175,708,483)	4,734,203	-2.69%
49,129,048	35,364,784	13,764,264	38.92%	Total Assets	41,016,778	8,112,270	19.78%
0	0	0	0.00%	Stockholders Equity	0	0	0.00%
3,054,997	2,268,602	786,395	34.66%	Current Year Net Income	(2,091,156)	5,146,154	-246.09%
3,054,997	2,268,602	786,395	34.66%	Stockholders Equity	(2,091,156)	5,146,154	-246.09%
(12,025,492)	(7,686,819)	(4,338,674)	56.44%	Accounts Payable	(12,556,034)	530,542	-4.23%
(2,020,364)	(1,976,090)	(44,274)	2.24%	Customer Deposits	(1,884,152)	(136,212)	7.23%
(3,609,499)	(1,598,891)	(2,201,608)	157.38%	Taxes Accrued	(3,450,737)	(149,762)	4.34%
(69,799)	(21,284)	(39,516)	185.66%	Tax Collections Payable	(32,202)	(28,598)	88.81%
(68,698)	(63,529)	(5,169)	8.14%	Interest Accrued	(180,059)	111,362	-61.85%
(11,972,799)	(11,723,305)	(249,494)	2.13%	Misc Current & Accr Liab.	(6,295,530)	(5,677,269)	90.18%
0	0	0	0.00%	Accum Prov for Benefits	0	0	0.00%
(29,748,651)	(22,869,917)	(6,878,734)	30.08%	Current Liabilities	(24,598,714)	(5,349,937)	21.93%
(6,575,042)	(6,639,694)	64,563	-0.97%	Customer Advances for Const	(6,395,372)	(179,670)	2.81%
(15,718,654)	(7,980,487)	(7,738,167)	96.96%	Accum Deferred Income Taxes	(7,738,167)	(7,738,167)	96.96%
(37,267)	(38,947)	1,680	-4.31%	Accum Deferred Investm Tax C	(46,618)	9,351	-20.06%
0	0	0	0.00%	Notes Payable to Assoc Co's	0	0	0.00%
0	0	0	0.00%	Other Deferred Credits	0	0	0.00%
(104,431)	(104,431)	0	0.00%	Other Regulatory Liabilities	(104,431)	0	0.00%
0	0	0	0.00%	Contrib in aid of Construction	0	0	0.00%
(22,435,394)	(14,763,470)	(7,671,924)	51.97%	Total Long Term Liabilities	(14,526,908)	(7,908,486)	54.44%
(59,129,648)	(35,364,784)	(23,764,864)	67.23%	Total Liabilities	(41,016,778)	(8,112,270)	19.78%

Citizens Utilities Company and Subsidiaries  
 Regulatory Income Statement for Santa Cruz County Gas to Northern Arizona Gas  
 For the Period Ending December 31, 2002

January - December	Total Revenues
-88,861,167	** Total Revenue
78,718,888	** Operations Expense
2,010,294	** Maintenance Expenses
80,729,182	*** Total O & M Expense
8,835,859	** Depreciation
5,128,452	** Taxes Other Than Income
5,832,526	**** Net Operating Income
-105,766	** AFUDC
-1,623,518	** Misc Nonoperating Income
1,350,841	** Other Income Deductions
-378,444	*** Other Income and Deductions
-818,325	** Interest Expense
-4,635,558	**** Income before Income Taxes
-1,582,024	** Income Taxes
-3,053,534	***** Net Income
-3,053,534	** Reg. func not included in row blo
0.00	***** Net Income after check